

MISTANGO RIVER RESOURCES INC.

**NOTICE OF ANNUAL MEETING
OF SHAREHOLDERS OF
MISTANGO RIVER RESOURCES INC.
TO BE HELD ON JUNE 14, 2012**

AND

MANAGEMENT INFORMATION CIRCULAR

MAY 17, 2012

MISTANGO RIVER RESOURCES INC.

4 Al Wende Avenue, Box 546
Kirkland Lake, Ontario P2N 3J5

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders (the “**Meeting**”) of Mistango River Resources Inc. (the “**Company**”) will be held at 4 Al Wende Avenue, Kirkland Lake, Ontario, P2N 3J5 on Thursday, the 14th day of June, 2012, at 9:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited financial statements of the Company for the fiscal year ended December 31, 2011, together with the reports of the auditors thereon;
2. to elect directors;
3. to appoint auditors and to authorize the directors to fix their remuneration;
4. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying management information circular dated May 17, 2012.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting (the “**Record Date**”) is at the close of business on May 15, 2012. Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting, or any adjournment thereof, in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be delivered by facsimile to (416) 595-9593 or mailed so as to reach or be deposited with the Secretary of the Company, c/o Equity Financial Trust Company, Proxy Department, 200 University Ave, Suite 400, Toronto, Ontario, Canada M5H 4H1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof, or delivering it to the Chairman of the Meeting on the day of the Meeting or any adjournment or adjournments thereof prior to the time of voting.

The persons named in the enclosed form of proxy are directors or officers of the Company. Each shareholder of the Company has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder’s behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder’s appointee should be legibly printed in the blank space provided.

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a shareholder should be delivered by facsimile to **Equity Financial Trust Company** at (416) 595-9593.

DATED at Kirkland Lake, Ontario as of the 17th of May, 2012.

BY ORDER OF THE BOARD

(signed) "Diane McKean"

Diane McKean

Corporate Secretary

MISTANGO RIVER RESOURCES INC.

P. O. Box 546
4 Al Wende Avenue
Kirkland Lake, Ontario P2N 3J5

MANAGEMENT INFORMATION CIRCULAR

AS AT MAY 17, 2012

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF MISTANGO RIVER RESOURCES INC. (the “**Company**”) of proxies to be used at the annual meeting of shareholders of the Company (the “**Meeting**”) to be held at 4 Al Wende Avenue, Kirkland Lake, Ontario, P2N 3J5 on June 14, 2012 at 11:00 a.m. (Toronto time) and at any adjournment thereof for the purposes set forth in the enclosed notice of meeting (the “**Notice of Meeting**”). Proxies will be solicited primarily by mail and may also be solicited personally or by telephone by the directors and/or officers of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

The Company may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting shares of the Company (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Management Information Circular, the Notice of Meeting attached hereto and a form of proxy to the beneficial owners of such shares. The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy represent management of the Company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM, HER, OR IT AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed proxy with the Company’s transfer agent and registrar, Equity Financial Trust Company, Proxy Department, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, facsimile: (416) 595-9593, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof, or delivering it to the Chairman of the Meeting on the day of the Meeting or any adjournment or adjournments thereof prior to the time of voting. A proxy should be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof and thereupon the proxy is revoked.

A shareholder attending the Meeting has the right to vote in person and, if he, she, or it does so, his, her, or its proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

Only registered holders of class A voting common shares of the Company (each a “**Common Share**” or collectively, the “**Common Shares**”) or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Company will have distributed copies of the Notice of Meeting, this Management Information Circular and the form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders. Non-Registered Holders will be given, in substitution for the form of proxy otherwise contained in proxy-related materials, a request for voting instructions (the “**Voting Instructions Form**”) which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the Voting Instructions Form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the voting instructions form and a form of legal proxy will be sent to the Non-Registered Holder. In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the voting instructions form.

EXERCISE OF DISCRETION BY PROXIES

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted accordingly. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR THE APPOINTMENT OF AUDITORS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, AS STATED ELSEWHERE IN THIS MANAGEMENT INFORMATION CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING ACCOMPANYING THIS MANAGEMENT INFORMATION CIRCULAR AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS, HER, OR ITS JUDGMENT MAY DETERMINE.** At the time of printing of this Management Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of this Management Information Circular, 27,371,481 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote in respect of each matter to be voted upon at the Meeting.

The record date for the purpose of determining the shareholders entitled to receive the Notice of Meeting has been fixed as May 15, 2012 (the “**Record Date**”). In accordance with the provisions of the *Canada Business Corporations Act* (the “**CBCA**”), the Company will prepare a list of shareholders as at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote, on all resolutions put forth at the Meeting for which such shareholder is entitled to vote, the Common Shares shown opposite his or her name on the said list. The failure of a shareholder to receive the Notice of Meeting does not deprive him or her of the right to vote at the Meeting.

As at the date of this Management Information Circular, to the knowledge of the directors or executive officers of the Company, no person beneficially owned, or controlled or directed voting securities of the Company carrying 10% or more of the voting rights attached to any class of voting securities.

BUSINESS TO BE CONSIDERED AT THE MEETING

Audited Financial Statements

The Company’s audited financial statements for the financial year ended December 31, 2011 and the report of the auditors thereon will be submitted to the shareholders at the Meeting. Receipt at the Meeting of the Company’s financial statements and the auditors’ reports for the financial year ended December 31, 2011 will not constitute approval or disapproval of any matters referred to therein.

Appointment of Auditors

On July 15, 2011, parker simone LLP, Chartered Accountants, (“**parker simone**”) resigned as auditors of the Company during their then current term of appointment, which was considered and approved by the board of directors of the Company (the “**Board**”). On July 19, 2011, the Company appointed Palmer Reed, Chartered Accountants (“**Palmer Reed**”) as its new auditor, which was considered and approved by the Board. The change of auditor notice provides that the auditor’s reports of parker simone on the financial statements of the Company for the years ended December 31, 2010 and 2009 did not contain any reservations. Such notice also provides that there have been no reportable events in connection with the audits for such years and through to July 19, 2011. A copy of the Company’s “reporting package” (as such term is defined under National Instrument 51-102 - Continuous Disclosure Obligations) with respect to parker simone’s resignation and the appointment of Palmer Reed as auditor of the Company is attached as Appendix A.

Shareholders are also being asked to approve the appointment of Palmer Reed as the Company’s auditors to hold office effective as of the date of their appointment until the close of the next annual meeting of shareholders at a remuneration to be fixed by the Board.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPOINTMENT OF THE ABOVE-NAMED AUDITORS, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

In order to become effective, the resolution appointing the auditors of the Company must be approved by at least a majority of the votes cast by shareholders at the Meeting.

Election of Directors

The Articles of Incorporation of the Company provide that the Company is authorized to appoint a minimum of one (1) and a maximum of ten (10) directors. The Board currently consists of five (5) directors. It is proposed that five (5) directors be elected at the Meeting. The following table and the notes thereto state the names, province or state and country of residence of all the persons proposed to be

nominated by management for election as directors, any other positions and offices with the Company now held by them, the first position or office with the Company, if any, their principal occupations, businesses or employment within the five preceding years the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, or controlled or directed, directly or indirectly, by each of them as at the date hereof.

Name, Residence and Positions with the Company ⁽¹⁾	Principal Occupations over the Past Five Years ⁽¹⁾	Date First Elected a Director of the Company	Number of Voting Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly as at May 17, 2012 ⁽²⁾
Robert J. Kasner Ontario, Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company (current); self-employed prospector and contractor; President of R.J. Kasner Co. Ltd., a private contracting company (current); President and Executive Officer of Strategic Resources Inc. (formerly Uranium City Resources Inc.) (from January 2005 to July 2008).	July 19, 2001	2,351,859 Common Shares
William R. Whitehead ⁽³⁾ Ontario, Canada Director	Self-employed businessman (current); Director of Amerex Corporation (current).	July 19, 2001	Nil
Daniel Farrell ⁽³⁾ Ontario, Canada Director	President and CEO of FDG Mining Inc. (current); President, Zacoro Metals Corp., a private company (November 2005 to June 2008)	December 13, 2010	262,500 Common Shares
Donald R. Kasner Ontario, Canada Director	Employee and general contractor of R.J. Kasner Co. Ltd.	December 13, 2010	Nil
Nelson Baker ⁽³⁾	Geological consultant with Nelson W. Baker Geological Services Ltd. since 1984; President and Chief Executive Officer of Mineral Mountain Resources Ltd., a public mineral exploration company (from June 2009 to present); President and Chief Executive Officer of Rainy Resources Ltd., a public mineral exploration company (from March 2005 to May 2009)	June 30, 2011 ⁽⁴⁾	20,000 Common Shares

Notes:

- (1) Information as to residence and principal occupation has been provided by the proposed directors.
- (2) The information as to voting securities beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been provided by each proposed director.
- (3) Member of the Audit Committee.
- (4) Mr. Baker was appointed to the Board on June 3, 2011 and elected to the Board by shareholders on June 30, 2011.

The term of office of each director will be from the date of the meeting at which he is elected until the next annual meeting, or until his successor is elected or appointed.

Corporate Cease Trade Orders or Corporate Bankruptcies

Other than as described below, no proposed director is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that,

- a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days while such proposed director was acting in such capacity; or
- b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in such capacity.

Other than as described below, no proposed director of the Company is, as at the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company (including the Company) that, while such proposed director was acting in such capacity, or within a year of such proposed director ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Each of Messrs. R. Kasner and Whitehead was, and continues to be, a director of the Company, which was subject to cease trade orders issued by the Ontario Securities Commission and the British Columbia Securities Commission, on April 14, 2009, the Autorité des marchés financiers du Québec on April 15, 2009, and the Alberta Securities Commission on November 13, 2009. Such orders were issued as a result of the Company's failure to file audited annual financial statements, management's discussion and analysis, CEO and CFO certificates and its annual information form for the year ended December 31, 2008 and other continuous disclosure materials required to be filed. Such failure was caused by financial difficulties experienced by the Company as a result of its inability to raise funds given the 2008 market conditions. All such cease trade orders were revoked in September 2010.

On May 29, 2009 the Company filed a Notice of Intention to make a proposal under the Bankruptcy and Insolvency Act (the "**BIA**") with the Official Receiver. On June 5, 2009, the Company filed a proposal under the BIA. Some minor amendments were made to the proposal and such amendments were filed on July 20, 2009. On August 18, 2009, the Court approved the Company's proposal to creditors, as amended (the "**Proposal**") and the sale of the Company's previously-held principal property located in Uranium City, Saskatchewan, Canada which included the Box Mine and the Anthona Deposit and surrounding exploration properties to Linear Gold Corp. (the "**Linear Transaction**").

During September 2009 and during the quarter ended December 31, 2009, the Proposal trustee, with the exception of one disputed claim, in the amount of \$360,000 plus unspecified costs, settled all proved creditor claims and legal fees arising before and during the BIA process. The one disputed claim was settled during May 2010.

Personal Bankruptcies

Other than as described below, no proposed director of the Company or any personal holding company of such person has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any

proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director or personal holding company of such person.

Mr. Donald Kasner became bankrupt on June 24, 2008. Mr. Kasner was granted a full discharge in the matter of such bankruptcy on March 25, 2009.

Penalties or Sanctions

Other than as described below, no proposed director of the Company or any personal holding company of such person has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Pursuant to the terms of a settlement agreement dated April 23, 2007 between Robert J. Kasner and Staff of the Ontario Securities Commission, which was accepted by the Ontario Securities Commission (the “**OSC**”) on April 30, 2007, the OSC ordered on April 30, 2007 (the “**2007 Order**”) that Mr. Kasner cease trading, directly or indirectly, in securities of the Company until October 30, 2007. The 2007 Order was issued as a result of Mr. Kasner trading and attempting to trade in securities of the Company within a period when the Company was undertaking a private placement offering of its securities, namely between October 15, 2005 and December 2, 2005. Pursuant to OSC Rule 48-501, an issuer-restricted person is prohibited from trading in securities of an issuer making a private placement during the issuer restricted period which commences on the date two days prior to the day that the price of the offered securities is determined and ends on the date that the selling process ends and all stabilization arrangements relating to the offered securities are terminated. By virtue of his positions as President, Chief Executive Officer and a director of the Company, Mr. Kasner was an issuer-restricted person at the relevant time. Notwithstanding the fact that he was restricted from trading securities of the Company during the foregoing period, Mr. Kasner was at all material times operating under a mistaken belief that he was not restricted from such trading and made no efforts to disguise his trading in securities of the Company. The 2007 Order also required Mr. Kasner to pay the costs of the OSC’s investigation, in the amount of \$25,000.

Pursuant to the terms of a settlement agreement dated September 30, 2009 between Robert J. Kasner and Staff of the OSC, which was accepted by the OSC on the same date, the OSC ordered on September 30, 2009 (the “**2009 Order**”) that Mr. Kasner be prohibited for a period of one year expiring on September 30, 2010 from trading in the securities of any issuer of which he is an officer, director or insider, including but not limited to the Company and that, after the expiration of such period, he permanently not trade in the Company directly but only through a registrant or a lawyer or accountant in accordance with Section 34(b) of the Ontario Securities Act. The 2009 Order was issued as a result of Mr. Kasner attempting to trade in securities of the Company within a period when the Company was undertaking a private placement offering of its securities, namely between January 27, 2008 and February 27, 2008. As described above, pursuant to OSC Rule 48-501 an issuer-restricted person is prohibited from trading in securities of an issuer making a private placement during the issuer restricted period which commences on the date two days prior to the day that the price of the offered securities is determined and ends on the date that the selling process ends and all stabilization arrangements relating to the offered securities are terminated. By virtue of his positions as President, Chief Executive Officer and a director of the Company during such time, Mr. Kasner was an issuer-restricted person at the relevant time. Notwithstanding the fact that he was restricted from trading securities of the Company during the

foregoing period, Mr. Kasner had forgotten that he was restricted from such trading. The 2009 Order also required Mr. Kasner to pay an administrative penalty, in the amount of \$8,000.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his, her, or its Common Shares are to be withheld from voting in respect of the election of directors.

In order to be effective, the resolution appointing the nominees proposed by management must be approved by at least a majority of the votes cast by shareholders at the Meeting.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis (“**CD&A**”) is to provide information about the Company’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company’s senior officers, being the two identified named executive officers (the “**NEOs**”), in 2011. The NEOs who are the focus of the CD&A and who appear in the compensation tables below are: Robert J. Kasner, President and Chief Executive Officer (“**CEO**”) and a director of the Company, and Johnny Oliveira, the Company’s Chief Financial Officer (“**CFO**”).

The Company notes that it is in an exploration phase with respect to its properties and has had, and continues to operate with limited financial resources and control costs to ensure that funds are available to complete certain programs and otherwise fund its operations. The Board has to consider the current and anticipated financial position of the Company at the time of any compensation determination. The Board has attempted to keep the cash compensation paid to the Company’s senior officers relatively modest, while providing long-term incentives through the granting of Options (as defined below).

Board oversight of Compensation

Among its other duties, the Board is responsible for (i) overseeing the Company’s human resources policies, executive compensation, management succession and development, and equity compensation plans, and (ii) ensuring that the Company’s executive compensation policies and programs are competitive and reflect the long term interest of the Company and its shareholders. Given the size of the Company and the number of directors on the Board, the Board has not delegated any of the above responsibilities to a committee of the Board and performs such functions itself. The members of the Board that deal with matters of executive compensation have had direct experience in such matters that is relevant to their responsibilities by virtue of their long-standing involvement with public companies and matters of executive compensation. In addition, each such member keeps abreast on a regular basis of trends and developments affecting executive compensation. In performing its duties, the Board has the

authority to engage such advisors, including executive compensation consultants, as it considers necessary.

During the most recently completed financial year, two members of the Board, Robert J. Kasner and Donald Kasner, were considered not to be independent pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and will not be considered to be independent if re-elected at the Meeting. In order to ensure that the process for determining executive compensation remains objective, the Board (i) requires that executive directors remove themselves from any deliberations or determinations relating to their own compensation, (ii) seeks external, independent advice when requested or deemed appropriate by any member of the Board, and (iii) ensures that any decisions relating to the compensation of the executive directors are reviewed and approved by the independent members of the Board prior to finalization or implementation. The Board considers the experience and insight of the executive officers to be an asset in the Board’s discussions and decisions relating to human resources and general compensation matters and relies on their input in matters that are not directly related to their own compensation.

The Company does not anticipate making any significant changes to its compensation policies and practices in 2012.

Compensation Process

The Board relies on its knowledge and experience to set appropriate levels of compensation for senior officers. The Company does not currently have any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of senior officer or director compensation.

The Board reviews the various elements of the NEOs’ compensation in the context of the total compensation package (including salary and prior awards under the Company’s stock option plan (the “**Stock Option Plan**”)) and determines the NEOs’ compensation packages.

From time to time the Board grants Options as part of an officer’s compensation or in recognition of the achievement of a particular goal or extraordinary service. The Board determines the particulars with respect to all options granted pursuant to the Stock Option Plan (the “**Options**”), including the exercise price of each Option awarded (see “Securities Authorized for Issuance Under Equity Compensation Plans” for details regarding the Stock Option Plan).

The Compensation Committee has considered the risk implications of the Company’s compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices as such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing a NEO or a director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the NEO or director, the Company is unaware of the purchase of any such financial instruments by any NEO or director.

Compensation Program

Principles/Objectives of the Compensation Program

The primary goal of the Company’s executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Company’s senior officers is determined with regard to the Company’s

business strategy and objectives and within the limited financial resources of the Company, such that the financial interests of the senior officers are matched with the financial interests of the shareholders.

Compensation Program Design and Analysis of Compensation Decisions

Standard compensation arrangements for the Company’s senior officers are composed of the following elements, which are linked to the Company’s compensation and corporate objectives as follows:

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
Base Salary	Attract, retain and reward	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives.
Stock Options	Motivate, reward and align interests with shareholders	Long-term incentives motivate and reward senior officers to increase shareholder value through the achievement of long-term corporate strategies and objectives.

2011 Performance and Compensation

The Company is an exploration stage mining company which has operated and continues to operate, with limited funds. The Company will not be generating revenues from operations in the foreseeable future. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Board to be appropriate in the evaluation of corporate or NEO performance. The compensation of senior officers is based, in substantial part, on trends in the mining industry as well as achievement of the Company’s business plans. The Board did not establish any quantifiable criteria in 2011, with respect to base salaries payable or the amount of equity compensation granted to NEOs and did not benchmark against a peer group of companies.

Base Salaries and Consulting Fees

The Company provides senior officers with base salaries paid to the CEO and the CFO pursuant to arrangements described under “Termination and Change of Control Benefits” below, which represent their minimum compensation for services rendered during the fiscal year. NEOs’ base salaries depend on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends, practices and competitiveness and the Company’s existing financial resources. Base salaries are reviewed annually by the Board. There were no changes to base compensation during 2011 except that as a result of the CFO’s appointment, a monthly sum of \$3,000 is payable to a company controlled by the CFO pursuant to which the CFO provides certain services to the Company, including acting as the CFO (see “Summary Compensation Table” and “Termination and Change of Control Benefits”).

Stock Options

The grant of Options pursuant to the Stock Option Plan is an integral component of the compensation packages of the senior officers of the Company. The Board believes that the grant of Options to senior officers and share ownership by such officers serve to motivate achievement of the Company’s long-term strategic objectives and the result will benefit all shareholders. Options are awarded to employees of the Company by the Board, which bases its decisions regarding Option grants upon the level of responsibility and contribution of the individuals toward the Company’s goals and objectives. The Board considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and

the size of such grants. See “Securities Authorized for Issuance Under Equity Compensation Plans” below for a detailed description of the Stock Option Plan.

Criteria for granting Options under the Stock Option Plan include:

- (i) the performance of the Company;
- (ii) the performance of the executive officer;
- (iii) the level of responsibility of the executive officer;
- (iv) the number of Options previously issued to the executive officer; and
- (v) the difference between salaries and other compensation which such executive officer is receiving from the Company when compared to compensation they could earn in peer group companies in Canada.

Executive Compensation: Tables and Narrative

Summary Compensation Table

The following table provides a summary of the compensation earned by the NEOs for services rendered in all capacities during the fiscal years ended December 31, 2011, 2010 and 2009.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Robert J. Kasner President and CEO	2011	150,000 ⁽¹⁾	Nil	43,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	193,000
	2010	150,000 ⁽¹⁾	Nil	Nil	Nil	Nil	N/A	Nil	150,000
	2009	150,000 ⁽¹⁾	Nil	Nil	Nil	Nil	N/A	Nil	150,000
Johnny Oliveira ⁽³⁾ CFO	2011	24,000	Nil	8,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	32,000

Notes:

- (1) Pursuant to the Kasner Agreement (as defined below), R.J. Kasner Company Limited (“Kasco”) is entitled to be paid \$150,000 per year in respect of causing the services of Mr. Kasner as President and CEO to be provided to the Company. See “Termination and Change of Control Benefits” for details of the Kasner Agreement.
- (2) Pursuant to the Oliveira Agreement (as defined below), 1822801 Ontario Inc. (“OliveiraCo”) is paid \$3,000 per month to provide certain accounting services to the Company. In connection with the Oliveira Agreement, Mr. Oliveira also provides his services as Chief Financial Officer of the Company. See “Termination and Change of Control Benefits” for details of the Oliveira Agreement.
- (3) Mr. Oliveira was appointed Chief Financial Officer in May 2012. Prior to his appointment, Mr. Kasner served as Chief Financial Officer of the Company.
- (4) Amounts represent the grant date fair value of Options awarded to Messrs. Kasner or Oliveira, as applicable. Grant date fair value was calculated in accordance with the Black-Scholes model, which the Company determined to be the most accurate measure of value of such Options, using the Common Share price on the grant date of \$0.155, with the key valuation assumptions being stock price volatility of 100%, risk-free interest rate of 2.25%, no dividend yield, 0% forfeiture rate and expected option life of 5 years.

Incentive Plan Awards

The following table provides details regarding outstanding NEO option and share-based awards, as applicable, as at December 31, 2011:

<i>Outstanding share-based awards and option-based awards</i>						
Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Aggregate value of unexercised in-the-money Options ⁽¹⁾⁽²⁾ (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Robert J. Kasner President and CEO	400,000	0.25	June 16, 2016	Nil	Nil	N/A
Johnny Oliveira ⁽³⁾ Vice-President and CFO	75,000	0.25	June 16, 2016	Nil	Nil	N/A

Notes:

- (1) None of the Options were in-the-money on December 31, 2011 (based on the closing price of the Common Shares on the CNSX of \$0.25 on December 29, 2011, the last day in 2011 on which the Common Shares traded on the CNSX).
- (2) All Options granted vested fully on grant.
- (3) Mr. Oliveira was appointed CFO on May 27, 2011.

Please see “2011 Performance and Compensation - Stock Options” for a discussion of the Stock Option Plan and determinations of awards during 2011. Please see “Securities Authorized for Issuance under Equity Compensation Plans” for details regarding the Stock Option Plan.

The following table provides details regarding outstanding NEO option-based awards, share-based awards and non-equity incentive plan compensation, as applicable, which vested and/or was earned during the year ended December 31, 2011:

<i>Incentive plan awards - value vested or earned during the years</i>			
Name	Option-based awards - Value vested during 2011 (\$) ⁽¹⁾	Share-based awards - Value vested during 2011 (\$)	Non-equity incentive plan compensation - Value earned during 2011 (\$)
Robert J. Kasner President and CEO	Nil	Nil	Nil
Johnny Oliveira ⁽²⁾ Vice-President and CFO	Nil	Nil	Nil

Note:

- (1) The value vested during the year is calculated using the market price on the date of vesting less the exercise price.
- (2) Mr. Oliveira was appointed CFO on May 27, 2011.

Termination and Change of Control Benefits

Pursuant to an agreement (the “**Kasner Agreement**”) made effective as of January 1, 1995, as amended, between Greater Lenora Resources Corp. (a predecessor to the Company, hereinafter referred to as “**Greater Lenora**”) and Kasco, Greater Lenora appointed Kasco to provide managerial and consultative services to the Company, including currently providing the services of Robert J. Kasner as President and CEO of Greater Lenora. As part of the plan of arrangement pursuant to the CBCA effective July 24, 2001 among Greater Lenora, 3796299 Canada Inc. and 3851419 Canada Inc., the Kasner Agreement was assumed by the Company. The Kasner Agreement may be terminated effective December 31st of any year by written notice given by either party on or prior to September 1st in such year. Kasco is to be paid a base rate of \$150,000 per year, with an annual increase determined by Kasco and the Company. Pursuant to the Kasner Agreement, in the event that the Kasner Agreement is terminated or deemed to be terminated prior to the end of its term without Kasco’s consent, Kasco is entitled to receive a lump sum payment equal to the aggregate amount to be paid under the Kasner Agreement in respect of the balance of the initial term of the Kasner Agreement, based on the annual fee being paid under the Kasner Agreement as at the date of termination or deemed termination, as applicable. The Kasner

Agreement will be deemed to be terminated if a Fundamental Change (as defined below) occurs or if two or more persons are elected or appointed directors of the Company who are not nominees proposed by at least a majority of the incumbent directors of the Company for election or appointment at any meeting of shareholders or directors (a “**Kasner Change of Control**”). For these purposes, a “**Fundamental Change**” means a merger, consolidation or amalgamation which results in a person or group of persons beneficially owning securities carrying in the aggregate more than 20% of the votes which may be cast for the election of directors of the Company (other than any person or group of persons who beneficially owned such number of securities immediately prior to such transaction), a transaction or series of transactions pursuant to which the Company sells all or substantially all of its assets, or any change in the beneficial ownership of the securities of the Company which results in a person or group of persons beneficially owning securities carrying in the aggregate more than 20% of the votes which may be cast for the election of directors of the Company. If a Kasner Change of Control had occurred on December 31, 2011, the Company would have had to pay Kasco an aggregate of \$150,000 pursuant to the Kasner Agreement.

Pursuant to an agreement (the “**Oliveira Agreement**”) made as of April 6, 2011, between 1822801 Ontario Inc., a company controlled by Mr. Oliveira, OliveiraCo and the Company, OliveiraCo provides bookkeeping, accounting, financial reporting and taxation services to the Company. In connection with the Oliveira Agreement, Mr. Oliveira also provides his services as CFO of the Company. The Company is invoiced a flat fee of \$3,000 per month for the services provided by Oliveira Co., including the CFO services provided by Mr. Oliveira. The Oliveira Agreement does not contain any provisions for any payment to Mr. Oliveira in the event of a change of control of the Company or other fundamental change affecting the Company. There is no other contract, agreement, plan or arrangement that provides for any payment to the CFO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or change in the CFO’s responsibilities.

Director Compensation

Directors of the Company who are not officers did not receive and were not entitled to receive any fees for their services in 2011, other than as set out below.

Directors may receive Option grants as determined by the Board. The exercise price of such Options is determined by the Board as described under “Securities Authorized for Issuance under Equity Compensation Plans”.

Directors are also entitled to receive compensation, to the extent that they provided services to the Company, at rates that would otherwise be charged by such directors for such services to arm’s length parties or less. .

Director Summary Compensation Table

The following compensation table sets out the compensation paid to each of the Company’s directors (other than any directors who are also NEOs) in the years ended December 31, 2011:

Name	Fees earned 2011 (\$)	Share-based awards 2011 (\$)	Option-based awards 2011 (\$)	Non-equity incentive plan compensation 2011 (\$)	All other Compensation 2011 (\$)	Total 2011 (\$)
William R. Whitehead	Nil	Nil	16,000 ⁽²⁾	Nil	Nil	16,000
Dan Farrell	Nil	Nil	21,000 ⁽²⁾	Nil	Nil	21,000
Donald R. Kasner	Nil	Nil	24,000 ⁽³⁾	Nil	35,000 ⁽⁴⁾	59,000
Nelson Baker ⁽¹⁾	Nil	Nil	21,000 ⁽²⁾	Nil	Nil	21,000

Note:

- (1) Mr. Baker was appointed to the Board on June 3, 2011 and elected to the Board by shareholders on June 30, 2011.
- (2) Amounts represent the grant date fair value of Options awarded to Messrs. Whitehead, Farrell or Baker, as applicable. Grant date fair value was calculated in accordance with the Black-Scholes model, which the Company determined to be the most accurate measure of value of such Options, using the Common Share price on the grant date of \$0.155, with the key valuation assumptions being stock price volatility of 100%, risk-free interest rate of 2.25%, no dividend yield, 0% forfeiture rate and expected option life of 5 years.
- (3) Amount represents the grant date fair value of Options awarded to Mr. Kasner. Grant date fair value was calculated in accordance with the Black-Scholes model, which the Company determined to be the most accurate measure of value of such Options, using (i) the Common Share price on the grant date of \$0.155, with the key valuation assumptions being stock price volatility of 100%, risk-free interest rate of 2.25%, no dividend yield, 0% forfeiture rate and expected option life of 5 years for 100,000 Options granted to Mr. Kasner, and (ii) the Common Share price on the grant date of \$0.18, with the key valuation assumptions being stock price volatility of 100%, risk-free interest rate of 1.52%, no dividend yield, 0% forfeiture rate and expected option life of 5 years for the further 100,000 Options granted to Mr. Kasner.
- (3) Paid to Mr. Kasner in connection with field technical services and public relations assistance provided to the Company.

Incentive Plan Awards

The following table provides details regarding the outstanding option and share based awards held by directors (other than any directors who are also NEOs) as at December 31, 2011:

Outstanding share-based awards and option-based awards

Name	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Aggregate value of unexercised in-the-money Options ⁽¹⁾⁽²⁾ (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
William R. Whitehead	150,000	0.25	June 16, 2016	Nil	Nil	Nil
Dan Farrell	200,000	0.25	June 16, 2016	Nil	Nil	Nil
Donald R. Kasner	100,000	0.25	June 16, 2016	Nil	Nil	Nil
	100,000	0.25	October 13, 2016	Nil	Nil	Nil
Nelson Baker ⁽³⁾	200,000	0.25	June 16, 2016	Nil	Nil	Nil

Notes:

- (1) All Options granted vested fully on grant.
- (2) None of the Options were in-the-money on December 29, 2011 (based on the closing price of the Common Shares on the CNSX of \$0.25 on December 31, 2011 the last day in 2011 on which the Common Shares traded on the CNSX).
- (3) Mr. Baker was appointed to the Board on June 2, 2011 and elected to the Board by shareholders on June 30, 2011.

Please see “Securities Authorized for Issuance under Equity Compensation Plans” for details regarding the Stock Option Plan.

The following table provides details regarding the outstanding option and share based awards vested and exercisable by directors (other than the NEOs, who are also directors) during the year ended December 31, 2011:

Incentive plan awards - value vested or earned during the years

Name	Option-based awards - Value vested during the year 2011 (\$) ⁽¹⁾	Share-based awards - Value vested during the year 2011 (\$)	Non-equity incentive plan compensation - Value earned during the year 2011 (\$)
William R. Whitehead	Nil	Nil	Nil
Dan Farrell	Nil	Nil	Nil
Donald R. Kasner	Nil	Nil	Nil
Nelson Baker ⁽²⁾	Nil	Nil	Nil

Notes:

- (1) The value vested during the year is calculated using the market price on the date of vesting less the exercise price.
(2) Mr. Baker was appointed to the Board on June 3, 2011 and elected to the Board by shareholders on June 30, 2011

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2011 with respect to the Common Shares that may be issued under the Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights (a)	Weighted-average exercise price of outstanding Options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾ (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	2,150,000	\$0.26	587,148
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	2,150,000	\$0.26	587,148

Note:

- (1) The Stock Option Plan (as defined and detailed below) provides for the grant of Options (as defined below) for the purchase of up to 10% of the Common Shares.

The purpose of the Stock Option Plan is to develop and increase the interest of certain Eligible Persons (as defined below) in the growth and development of the Company by providing them with the opportunity to acquire a proprietary interest in the Company through the grant of Options to purchase Common Shares.

Under the Stock Option Plan, Options may be granted to Eligible Persons. The term “**Eligible Person**” includes, subject to all applicable laws, directors, officers, employees and consultants of the Company (or any affiliate of the Company), and certain “Permitted Assigns” of the foregoing persons, including: (i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of, such person; (ii) a personal holding corporation of such a person; (iii) a registered retirement savings plan (an “**RRSP**”) or a registered retirement income fund (an “**RRIF**”) established by or for such a person under which such a person is the beneficiary; (iv) a spouse of such a person; (v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of, the spouse of such a person; (vi) a personal holding

corporation of the spouse of such a person; or (vii) an RRSP or an RRIF established by or for the spouse of such a person under which the spouse of such person is the beneficiary.

The Stock Option Plan is administered by the Board.

The aggregate number of Common Shares which may be issued under the Stock Option Plan shall not exceed 10.0% of the aggregate number of Common Shares issued and outstanding (calculated on a non-diluted basis) from time to time. Any Option granted under the Stock Option Plan which has been exercised shall again be available for subsequent grant under the Stock Option Plan, effectively resulting in a re-loading of the number of Common Shares available for grant under the Stock Option Plan. Any Common Shares subject to an Option granted under the Stock Option Plan, which for any reason is surrendered, cancelled or terminated or expires without having been exercised, shall again be available for subsequent grant under the Stock Option Plan.

The purchase price (the “**Price**”) per Common Share subject to each Option shall be determined by the Board. The Price shall not be lower than the greater of the closing market price of the Common Shares on the Canadian National Stock Exchange (the “**CNSX**”) on (a) the trading day immediately preceding the date of the grant, and (b) the date of grant; provided that if the Common Shares have not traded on the CNSX for an extended period of time, the “market price” will be the fair market value of the shares at the time of grant, as determined by the Board, but subject to any required regulatory approval.

Options shall be granted for a term determined by the Board on the date of grant (the “**Option Period**”). Options may be exercised by an Eligible Person in whole at any time, or in part from time to time, during the Option Period, subject to the provisions of the Stock Option Plan. Generally, Options granted under the Stock Option Plan may not be assigned or otherwise transferred by an Eligible Person other than to certain other Eligible Persons and Permitted Assigns or pursuant to a will or by the laws of descent and distribution. However, pursuant to the amendment provision of the Stock Option Plan, the Board has the authority to amend the assignability and transferability provisions of the Stock Option Plan generally or any Options granted to any Eligible Person. Options granted under the Stock Option Plan may vest at the discretion of the Board.

By its terms, the Stock Option Plan may be amended by the Board without the consent of the shareholders, including amending the terms and conditions of Options, amending the categories of persons who are Eligible Persons and entitled to be granted Options, allowing the grant of financial assistance to optionees for the purpose of exercising Options, authorizing the addition of a cashless exercise feature (payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Stock Option Plan reserve), changing the assignability or transferability of Options, and amendments of a housekeeping nature.

The Board may terminate the Stock Option Plan at any time.

Any Option granted pursuant to the Stock Option Plan, to the extent not validly exercised, will terminate on the earlier of:

- (i) the expiry of the Option Period in respect of such Option;
- (ii) the date on which an optionee under the Stock Option Plan (an “**Optionee**”) ceases to serve the Company (or any affiliate of the Company), as the case may be, as an employee, senior officer, director or consultant of the Company for cause. If an Optionee ceases to serve the Company (or any affiliate of the Company) as an employee, senior officer, director or consultant for any reason other than for cause, generally, no Option held by such Optionee at the effective date thereof may be exercised by the Optionee following the date which is ninety (90) days after the date on which the Optionee ceases

to serve the Company (or any affiliate of the Company), as the case may be, in such capacity;

- (iii) one hundred and eighty (180) days after the date of the death of the Eligible Person during which period the Option may be exercised by the Eligible Person's legal representative or the person or persons to whom the deceased Eligible Person's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Eligible Person would have been entitled to exercise the Option on the date of death; and
- (iv) ninety (90) days after termination of the Eligible Person's employment by reason of permanent disability or retirement under any retirement plan of the Company or any subsidiary of the Company, during which ninety (90) day period the Eligible Person may exercise the Option to the extent he was entitled to exercise it at the time of such termination, provided that if the Eligible Person shall die within such ninety (90) day period, then such right shall be extended to ninety (90) days following the date of death of the Eligible Person.

If the expiry of the Option Period in respect of an Option falls during or within three business days of a blackout period, during which the policies of the Company prevent persons in a "special relationship" with the Company from trading in the securities of the Company, the expiry date for the Option will be extended for an additional period expiring on the tenth business day following the end of the blackout period. Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or senior officer of the Company (or any affiliate of the Company), provided that the Optionee continues to be an Eligible Person.

The Stock Option Plan contains provisions for adjustment of the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger, or other relevant changes in the Company's capitalization. Currently, the Stock Option Plan does not contain any provision for financial assistance by the Company in respect of Options granted under the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as set out below, as of the date hereof, no executive officer, director, employee or former executive officer, director or employee of the Company or any of its subsidiaries is indebted to: (i) the Company or any of its subsidiaries; or (ii) another entity if such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

As at the date hereof, no director, executive officer, employee or former director, executive officer or employee of the Company or any of its subsidiaries is indebted to the Company or any of its subsidiaries, or any other entity (where such indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries).

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed director, nor any associate of any such director, executive officer or proposed director, is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries, or another entity (where such indebtedness to such other entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company) in respect of any security purchase program or any other program

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Company at any time since the beginning of the Company's financial year ended December 31, 2011, no proposed nominee for election as a director of the Company, and no associate or affiliate of any such director, executive officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, proposed director, executive officer, beneficial holder of more than 10% of the issued and outstanding Common Shares, or any director or executive officer of such beneficial holder, or any associate or affiliate of the foregoing, have had or has any material interest, direct or indirect, in any transaction since the beginning of the Company's financial year ended December 31, 2011 or any proposed transaction that has materially affected or would materially affect the Company or its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Company's shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interests of its shareholders and contribute to effective and efficient decision making. The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value. Set out below is a description of the corporate governance practices of the Company as required by NI 58-101 concerning corporate governance disclosure.

Disclosure of Corporate Governance Practices

Mandate of the Board

The Board has responsibility for the stewardship of the Company. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Company's debt and borrowing policies. The Board strives to ensure that actions taken by management correspond closely with the objectives of the Board and the shareholders.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the Board reviews its procedures on an ongoing basis to ensure that it can function independently of management. The Board meets, as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in NI 58-101, the Board intends to convene meetings of independent directors in the future, at which non-independent directors and members of management are not in attendance as may be deemed necessary.

Composition of the Board

Pursuant to NI 58-101, a director is independent if the director has no direct or indirect material relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the issuer by virtue of their position or relationship with the Company. The Board is currently comprised of five members, all of whom are standing for re-election at the Meeting. Assuming management's proposed slate of directors is elected at the Meeting, the Board will be comprised of five (5) members, three (3) of whom the Board has determined will be independent. In assessing whether a director is independent for these purposes, the circumstances of each director have been examined in relation to a number of factors.

Messrs. Whitehead, Baker and Farrell will be independent directors. Mr. Robert Kasner will not be considered an independent director as he is an executive officer of the Company. Mr. Donald Kasner will not be considered an independent director as he is the son of Mr. Robert Kasner, the President and Chief Executive Officer of the Company.

Directorships

The following table sets out details of directorships held by each director or nominee in other public issuers:

Name of Director	Name of Issuer
Robert J. Kasner	None
William R. Whitehead	Amerex Corporation
Dan Farrell	Hy Lake Gold Inc.
Donald R. Kasner	None
Nelson Baker	Mineral Mountain Resources Ltd., PC Gold Inc., Temex Resources Corp.

Orientation and Continuing Education

The Company does not have a formal process of orientation for new directors. However, the Board conducts a discussion of the role of the Board and its directors as well as the business of the Company at its Board meetings to ensure new directors are provided with an overview of the Board's role and the Company's operations. From time to time, corporate officers and legal, financial and other experts are invited to attend Board meetings to describe matters in their areas of expertise.

Given the size of the Company and the in-depth experience of the current directors, there has been no formal continuing education program. Board members are entitled to attend seminars that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Company.

Ethical Business Conduct

The Board has not yet adopted a written ethical business conduct code for directors, officers and employees of the Company. In circumstances where a director or executive officer has a material interest in a transaction or agreement which the Company is considering entering into, the individual is required to fully disclose his or her interest therein and an ad hoc committee of disinterested directors is appointed for review purposes to confirm, among other things, that such transaction or agreement, as applicable, is being entered into on arm's length commercially reasonable terms. Such committee has the right to

obtain advice from the Company's counsel and other professional advisors and/or appoint independent counsel and/or advisors.

The Board has adopted a whistleblower policy that specifically addresses the Company's commitment to integrity and ethical behaviour. The policy establishes procedures that allow employees of the Company to confidentially and anonymously submit their concerns to the Chair of the Audit Committee.

Nomination of Directors

The Board has not appointed a formal nominating committee. However, any member of the Board is free to recommend additional members, as required, and the Board will consider such recommendations as a whole. Until a committee is formed, the Board as a whole will be responsible for assessing the effectiveness of the Board, the committees of the Board and the contribution of individual directors, taking into account the competencies and skills that the Board as a whole should possess as well as the competencies and skills that each director should possess.

Compensation

Given the size of the Board and the stage of development of the Company, the Board has not had and does not currently intend to establish a compensation committee. The Board sets the level of compensation for directors and senior management. See "Executive Compensation" in this Management Information Circular.

Board Committees

The Board has no standing committees other than the Audit Committee.

Assessments

Based upon the Company's size, its current state of development and the number of individuals on the Board, the Board considers a formal process for assessing regularly the effectiveness and contribution of the Board, as a whole, the Audit Committee or individual directors to be unnecessary at this time. In light of the fact that the Board and the Audit Committee meet on numerous occasions during each year, each director has significant opportunity to assess other directors to ensure that the Board as a whole, and its individual directors, are performing effectively. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

AUDIT COMMITTEE

Composition of the Audit Committee and Charter

The Audit Committee of the Board operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this Management Information Circular as Schedule "A". The members of the Audit Committee are currently: Mr. Farrell, Mr. Whitehead and Mr. Baker, all of whom are considered to be "independent" and "financially literate" within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Assuming management's proposed slate of directors is elected at the Meeting, the Audit Committee will be comprised of: Mr. Whitehead, Mr. Farrell and Mr. Baker, all of whom will be considered to be "independent" and "financially literate" within the meaning of NI 52-110. In considering criteria for the determination of financial literacy, the Board looks at the ability to read and understand financial statements that present the range and level of complexity of accounting issues that are generally comparable to those issues that can be reasonably expected to be raised by the Company's financial statements. The following sets out the education and experience of each director and proposed director

relevant to the performance of his duties as a member of the Audit Committee. Each of the current members of the Audit Committee has acted as a director and/or audit committee member of a number of public issuers in the past and as such obtained experience in performing his responsibilities as a member of the Company's Audit Committee. Mr. Whitehead owns his own business and in such capacity has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of the internal controls and procedures for financial reporting. Mr. Farrell has successfully completed graduate level courses in accounting and is a registered stock broker in Canada and the United States. Previously Mr. Farrell served as the President and CEO of Quincy Energy Corp., a TSX Venture Exchange listed company prior to its acquisition by Energy Metals Corporation. As such, Mr. Farrell has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of the internal controls and procedures for financial reporting. Mr. Baker has been active in the mineral exploration industry for over 50 years, commencing at age 14 as a helper to his father, who was then prospecting at Hemlo. He attended the Haileybury School of Mines where he received his Mining Technology Diploma, followed by studies at the North Dakota School of Mines, from which he graduated with a BSc in Geological Engineering. He spent the next 14 years as a senior geologist with Esso Minerals Canada and another 18 years as an exploration consultant for junior resource companies focusing largely in gold and base metal mining camps in Canada, principally in Manitoba, Ontario and Quebec. In 1999, Mr. Baker joined Vancouver-based Hunter Dickinson Group as an evaluator of advanced mineral projects in Canada and globally. In 2001, Mr. Baker left Hunter Dickinson Group to found Rainy River Resources Ltd., a junior gold exploration company, where he served as CEO and President until May 2009 when he stepped down to assume the role of Vice Chair and Director, which he held until May 28, 2010. Mr. Baker is currently President, Chief Executive Officer and Director of Mineral Mountain Resources Ltd., an exploration company. Mr. Baker is also a director of PC Gold Inc. and Temex Resources Corp.

Given the scope and the nature of the Company's business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Based on the foregoing, it is the Board's conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Audit Committee Oversight

During the fiscal year ended December 31, 2011, all recommendations of the Audit Committee to nominate or compensate an external auditor were adopted by the Board.

Pre-Approval Policies and Procedures

Included as part of the Audit Committee's charter is the responsibility of the Audit Committee to pre-approve all non-audit services to be provided to the Company by its external auditors.

External Auditor Service Fees

The following table summarizes the fees paid or payable to parker simone Chartered Accountants LLP, 129 Lakeshore Rd. East, Suite 201, Mississauga, ON, L5G 1E5, who were the auditors of the Company for the financial year ended December 31, 2010 and until July 15, 2011. On July 19, 2011, Palmer Reed, Chartered Accountants, 439 University Avenue, Suite 1550, Toronto, Ontario, were appointed as the Company's auditors.

Category	2011	2010
Audit Fees	\$11,000	\$29,300
Audit Related Fees	\$-	\$-
Tax Fees	\$-	\$-
All Other Fees	\$-	\$-
Total	\$11,000	\$29,300

Pre-Approval Policies and Procedures

In respect of the financial year ended December 31, 2011, the Company is relying on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Company is available electronically on SEDAR at www.sedar.com. Financial information is provided in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2011. Copies of the Company's financial statements and related Management's Discussion and Analysis are also available upon written request from the Corporate Secretary of the Company at P. O. Box 546, 4 Al Wende Avenue, Kirkland Lake, Ontario, P2N 3J5.

SHAREHOLDER PROPOSALS

A proposal for any matter that a shareholder proposes to raise at the next annual meeting of shareholders of the Corporation must be submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to shareholders in connection with the previous annual meeting of shareholders of the Corporation (that is, at least 90 days before the anniversary date of June 14, 2012), and must comply with the other requirements of the *Canada Business Corporations Act* relating to proposals.

GENERAL

Except where otherwise indicated, information contained herein is given as of May 17, 2012.

The undersigned hereby certifies that the contents and the sending of this Management Information Circular have been approved by the directors of the Company.

DATED this 17th day of May, 2012.

(signed) "Diane McKean"

Diane McKean
Corporate Secretary

SCHEDULE "A"

MISTANGO RIVER RESOURCES INC.
NOTICE OF CHANGE OF AUDITORS PURSUANT TO
NATIONAL INSTRUMENT 51-102

British Columbia Securities Commission
Alberta Securities Commission
Quebec Securities Commission
Ontario Securities Commission
Nova Scotia Securities Commission

July 19, 2011

Dear Sirs/Mesdames:

Re: Notice Regarding Proposed Change of Auditor Pursuant to National Instrument 51-102

Notices hereby given that on July 19, 2011 the Board of Directors of Mistango River Resources Inc. (the "Company" or "Mistango") determined:

1. to accept the resignation, dated July 15, 2011, of parker simone LLP, Chartered Accountants (the "Former Auditor"), as auditor of Mistango; and
2. to engage Palmer Reed Chartered Accountants, as auditor of Mistango, effective July 19, 2011.

There have been no reservations in the Former Auditor's Report on any of the Company's financial statements commencing at the beginning of the two most recently completed fiscal years and ending on December 31, 2010. The Former Auditor did not audit any financial statements of the Company subsequent to the December 31, 2010 fiscal year of the Company.

In the opinion of the Company, prior to the resignation, and as at the date hereof, there were no reportable events, including disagreements, consultations, or unresolved matters as defined in National Instrument 51-102, Continuous Disclosure Obligations, between the Former Auditor and the Company.

The contents of this Notice and the attached letters from Palmer Reed Chartered Accountants, and parker simone LLP, Chartered Accountants, have been reviewed by the Board of Directors.

Dated at Toronto, Ontario this 19th day of July, 2011

BY ORDER OF THE BOARD OF DIRECTORS OF
MISTANGO RIVER RESOURCES INC.

"Robert J. Kasner"

Robert J. Kasner
President and Chief Executive Officer

PALMER REED
CHARTERED ACCOUNTANTS

439 University Avenue, Suite 1550, Toronto, Ontario M5G 1Y8
Telephone: (416) 599-9186 Fax: (416) 599-9189 Email: Palmerreed@palmerreed.com

James B. Palmer
Thomas E. Masters
Ann Palmer-Bentley

July 19, 2011

To:

British Columbia Securities Commission
Alberta Securities Commission
Quebec Securities Commission
Ontario Securities Commission
Nova Scotia Securities Commission

Dear Sirs/Mesdames:

Re: Mistango River Resources Inc. (the "Company")

Please be advised that, we have read the Notice of Change of Auditor dated July 19, 2011 of Mistango River Resources Inc. and, in accordance with section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*, we confirm that we agree with the statements contained therein.

Yours very truly,

PALMER REED



Chartered Accountants
Licensed Public Accountants

parker simone LLP
parker simone LLP

Chartered Accountants
129 Lakeshore Road East
Suite 201 Mississauga Ontario
L5G 1E5
T 905 271.7977
F 905 271.7677

Alberta Securities Commission
British Columbia Securities Commission
Ontario Securities Commission
Quebec Securities Commission
Nova Scotia Securities Commission

August 2, 2011

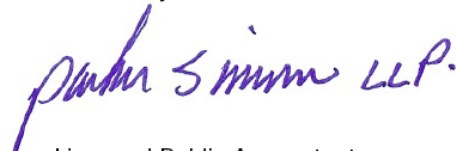
Dear Sirs:

Re: Change of Auditors of Mistango River Resources Inc. (the "Company")

Please be advised that, in connection with National Instrument 51-102, that a copy of the Notice of Change of Auditors (the "Notice") dated July 19, 2011 in respect of the above captioned change of auditors has been delivered to us. We have reviewed the Notice and, based on our knowledge at this time, we hereby notify the Commissions that:

1. We agree with the statement that parker simone LLP, (the "Former Auditors") have resigned as auditors of the Corporation, effective July 15, 2011.
2. We neither agree nor disagree with the statement that the Board of Directors of the Corporation has approved the proposal to appoint Palmer Reed Chartered Accountants ("Successor Auditors"), as the replacement auditors of the Corporation effective July 19, 2011.
3. We agree with the statement that there have been no reservations in the Former Auditor's Report on any of the Company's financial statements commencing at the beginning of the two most recently completed fiscal years and ending on December 31, 2010.
4. We agree with the statement that the Former Auditors did not audit any financial statement of the Company subsequent to the December 31, 2010 fiscal year of the Company.
5. We agree with the statement that there were no disagreements or unresolved matters between the Former Auditor and Company as defined by National Instrument 51-102.
6. We neither agree nor disagree with the statement that there have been no consultations as defined by National Instrument 51-102.

Yours truly,



Licensed Public Accountants

SCHEDULE “B”

AUDIT COMMITTEE CHARTER

I. PURPOSE

The audit committee (the “**Audit Committee**”) is a committee of the board of directors (the “**Board of Directors**”) of Mistango River Resources Inc. (the “**Corporation**”). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls for the Corporation by:

- reviewing the financial reports and other financial information before such reports and other financial information is provided to any governmental body or to the public;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation’s external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation’s financial reporting process and internal controls, the Corporation’s processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements; and
- encouraging continuous improvement of, and fostering adherence to, the Corporation’s policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation’s management which is responsible for preparing the Corporation’s financial statements and it is the Corporation’s external auditors which are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of such number of directors (but at least two) as determined by the Board of Directors, each of whom must be “independent” and “financially literate” (as such terms are defined in Multilateral Instrument 52-110 *Audit Committees* (“**MI 52-110**”)).

The members of the Audit Committee shall be appointed by the Board of Directors and serve until the next annual meeting of shareholders of the Corporation or until their successors are duly appointed. Unless a Chairman is appointed by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management discussion & analysis (“**MD&A**”) and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of

the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is the presence in person or by telephone or other communication equipment of a majority of the members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine upon at least seven days' prior notice to each of the members, in the regular course of the Audit Committee's affairs, or 48 hours notice in cases where necessity requires. The notice period may be waived by a quorum of the Audit Committee.

The Chairman of the Audit Committee, any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation's external auditors, or the Chief Executive Officer, Chief Financial Officer or Secretary of the Corporation is entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

Generally

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.
3. Describe in each management information circular of the Corporation in which management solicits proxies for the purposes of electing directors to the Board of Directors, the Audit Committee's composition and other form requirements under MI 52-110.
4. Report periodically to the Board of Directors.
5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
6. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.

7. Perform any other activities consistent with this Charter, the Corporation's Memorandum and Articles of Association and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Documents/Reports Review

8. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings' press releases prior to their publication and/or filing with any governmental body, or the public.
9. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.
10. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 8 of this part, and periodically assess the adequacy of such procedures.
11. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.
12. Provide insight to related party transactions entered into by the Corporation.

External Auditors

13. Recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. Instruct the external auditors that the Board of Directors, as the shareholders' representative, is the external auditors' client.
14. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.
15. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.
16. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.
17. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.
18. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal

controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

19. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.
20. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

Financial Reporting Processes

21. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.
22. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.
23. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

24. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
25. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.
26. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.
27. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.
28. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.
29. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be

conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.

30. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

Ethical and Legal Compliance

31. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
32. Review and update periodically a code of ethical conduct (the "**Code of Conduct**") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.
33. Review management's monitoring of the Corporation's systems in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
34. Review, with the Corporation's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation's financial statements.

Risk Management

35. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.